



Final Regulation Agency Background Document

Agency name	Board of Accountancy
Virginia Administrative Code (VAC) citation	18 VAC 5-30
Regulation title	Continuing Professional Education Sponsor Registration Rules and Regulations
Action title	Repeal Existing CPE Sponsor Regulation Rules and Regulations
Document preparation date	February 9, 2004

This information is required for executive review (www.townhall.state.va.us/dpbpages/apaintro.htm#execreview) and the Virginia Registrar of Regulations (legis.state.va.us/codecomm/register/regindex.htm), pursuant to the Virginia Administrative Process Act (www.townhall.state.va.us/dpbpages/dpb_apa.htm), Executive Orders 21 (2002) and 58 (1999) (www.governor.state.va.us/Press_Policy/Executive_Orders/EOHome.html), and the *Virginia Register Form, Style, and Procedure Manual* (http://legis.state.va.us/codecomm/register/download/styl8_95.rtf).

Brief summary

*Please provide a brief summary of the proposed new regulation, proposed amendments to the existing regulation, or the regulation proposed to be repealed. Alert the reader to all substantive matters or changes. If applicable, generally describe the existing regulation. Do **not** state each provision or amendment or restate the purpose and intent of the regulation.*

The Board of Accountancy is proposing to repeal the existing Continuing Professional Education (CPE) Sponsor Registration Rules and Regulations (18 VAC 5-30-10 et seq.), which were effective October 23, 1991.

Statement of final agency action

Please provide a statement of the final action taken by the agency including (1) the date the action was taken, (2) the name of the agency taking the action, and (3) the title of the regulation.

At its meeting on February 6, 2004, the Board voted unanimously to file the Final Action to repeal its CPE Sponsor Registration Rules and Regulations (18 VAC 5-30-10 et seq.), which were effective October 23, 1991.

Legal basis

Please identify the state and/or federal source of legal authority to promulgate this proposed regulation, including (1) the most relevant law and/or regulation, including Code of Virginia citation and General Assembly bill and chapter numbers, if applicable, and (2) promulgating entity, i.e., the agency, board, or person. Describe the legal authority and the extent to which the authority is mandatory or discretionary.

If the final text differs from the text at the proposed stage, please indicate whether the Office of the Attorney General has certified that the agency has the statutory authority to promulgate the final regulation and that it comports with applicable state and/or federal law.

According to § 54.1-4403 of the Code of Virginia, the Board has the power and duty to “promulgate regulations in accordance with the Administrative Process Act (§ 2.2-4000 et seq.) necessary to assure continued competency, to prevent deceptive or misleading practices by practitioners and to effectively administer the regulatory system.” (To view § 54.1-4403, please go to the Legislative Information System website at the following address: <http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+54.1-4403>.)

The Board also has the statutory authority, according to § 54.1-4410, to “promulgate regulations establishing procedures and requirements for the renewal of a CPA certificate granted by the Board,” which include requirements for continuing professional education (CPE). Subsections B and C of this section state that with regards to the Board’s CPE requirements the “certificate holder may choose the areas of study and courses” except for the requirement for CPE in ethics. (To view § 54.1-4410, please go to the Legislative Information System website at the following address: <http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+54.1-4410>.)

Finally, this action is being submitted in compliance with § 2.2-4016 of the Administrative Process Act, which states that “a regulation may be repealed after its effective date only in accordance with the provisions of this chapter that govern the adoption of regulations.” (To view § 2.2-4016, please go to the Legislative Information System website at the following address: <http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+2.2-4016>.)

The text of this final package does not differ from the text of the proposed stage.

Purpose

Please explain the need for the new or amended regulation. Describe the rationale or justification of the proposed regulatory action. Detail the specific reasons it is essential to protect the health, safety or welfare of citizens. Discuss the goals of the proposal and the problems the proposal is intended to solve.

In the Board’s regulations, continuing professional education (CPE) is defined as “an integral part of the lifelong learning required to provide competent services to the public; the formal set of activities that enables accounting professionals to maintain and increase their professional competence.”

Any coursework taken by a CPA to meet the Board’s CPE requirements shall be constructed in a manner to meet the Board’s definition of CPE. Any coursework that does not meet the Board’s definition is not acceptable.

Virginia CPAs and CPA firms spend thousands of dollars every year on CPE. There are many CPE sponsors operating throughout the United States. A large percentage of CPE sponsors are registered

with the National Association of State Boards of Accountancy's (NASBA) Regulatory Compliance Services Division. This service offers several programs that assist state boards including Virginia and their licensees by determining high quality CPE sponsors. The National Registry of CPE Sponsors (Registry) lists organizations that provide high quality CPE in accordance with nationally recognized standards. The Quality Assurance Service (QAS) recognizes organizations that provide self-study CPE courses of the highest caliber. The Registry and QAS were developed in response to requests from state boards including Virginia. When contacted by CPE sponsors who are designing CPE training programs, the Board refers them to NASBA for information on the effective design and construction of CPE programs. While not required by the Board to register with NASBA, the CPE sponsors may avail themselves of NASBA's program standards.

The Board voted to repeal the CPE Sponsor Registration Rules and Regulations on July 19, 1999. The Board was advised that the regulations had been repealed in October 1999. At that time, the application and renewal process for CPE sponsors was discontinued. The Board conducts a random monthly CPE compliance audit of approximately 30 to 40 CPAs. For more than four years, the Board's CPE audit has not identified any CPE courses that have not complied strictly with the Board's definition of CPE. The Board believes that the marketplace will eliminate those CPE sponsors that do not meet the requirements to provide the type of educational structure necessary for a relevant learning experience.

During the last four years, CPAs and CPA firms in Virginia have had greater flexibility in their selection of CPE and CPE sponsors. This change has allowed a more tailored approach for the Board's regulants. Further, the Board believes that the result of this change has been enhanced services for these regulants. Those enhanced services have cost less as a result of the elimination of the unnecessary requirement to register as a Board-approved CPE sponsor.

Substance

Please identify and explain the new substantive provisions, the substantive changes to existing sections, or both where appropriate. A more detailed discussion is required under the "All changes made in this regulatory action" section.

The purpose of this action is to repeal the Board's existing CPE Sponsor Registration Rules and Regulations (18 VAC 5-30-10 et seq.).

Issues

Please identify the issues associated with the proposed regulatory action, including:

- 1) the primary advantages and disadvantages to the public, such as individual private citizens or businesses, of implementing the new or amended provisions;*
- 2) the primary advantages and disadvantages to the agency or the Commonwealth; and*
- 3) other pertinent matters of interest to the regulated community, government officials, and the public.*

If there are no disadvantages to the public or the Commonwealth, please indicate.

The repeal of the Board's existing CPE Sponsor Registration Rules and Regulations will not disadvantage the public or the Commonwealth because national organizations such as NASBA and the American Institute of Certified Public Accountants (AICPA) strictly monitor CPE and CPE sponsors.

Changes made since the proposed stage

Please describe all changes made to the text of the proposed regulation since the publication of the proposed stage. For the Registrar’s office, please put an asterisk next to any substantive changes.

Section number	Requirement at proposed stage	What has changed	Rationale for change
N/A	N/A	N/A	N/A

The text of this final package does not differ from the text of the proposed stage.

Public comment

Please summarize all comments received during the public comment period following the publication of the proposed stage, and provide the agency response. If no comment was received, please so indicate.

Commenter	Comment	Agency response
Kathy Yates, Professional Education Services, LP	<p>My name is Kathy Yates, Executive VP for Professional Education Services, LP. We are a CPE provider registered with Virginia and are also registered with NASBA (both for the regular and QAS registries).</p> <p>We received your postcard regarding the proposed regulatory action to repeal the existing provisions regulating the registration of CPE sponsors and would like to express our opinion on the matter.</p> <p>First of all we would like to say thank you for even soliciting our opinion. Often we feel left out of the loop and also feel that many state boards do not wish to hear from vendors regarding changes to their regulations. However, since we also have direct contact with the licensees, often we have some insight that the board members may not. So again, thank you.</p> <p>In regard specifically to the proposed regulation we would like to state that we agree that specific</p>	The Board accepted the public comment in favor of the repeal without any response.

	<p>state board registration may be unnecessary and redundant. This is in consideration of the move towards "uniform" regulations related to CPE associated with the new statement of standards issued jointly by NASBA and the AICPA.</p> <p>Our hope is that one day, all state boards will revise their regulations related to qualifying CPE to be those of the AICPA and/or something very similar in nature. It makes it easier for CPE vendors to comply with the regulations of each state board and it also makes it easier for the licensee whom may be dual licensed to feel confident that what they take will qualify in both jurisdictions.</p> <p>We personally do not believe it is necessary for state boards to require NASBA registry for CPE vendors (even though we are a member of NASBA). Instead we think it may be better to state that CPE from NASBA registry members would be deemed acceptable, but is not required. We believe this since we recognize that there is quality CPE available from vendors, which are not NASBA members. Therefore by requiring NASBA member registry for qualifying CPE, the board may be limiting the options available for quality CPE. Allowing a CPA to choose CPE, which is appropriate and applicable to them, is what we believe to be in the best interest of the licensee and the public they serve.</p>	
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All changes made in this regulatory action

Please detail all changes that are being proposed and the consequences of the proposed changes. Detail new provisions and/or all changes to existing sections.

Current section number	Proposed new section number, if applicable	Current requirement	Proposed change and rationale

The Board of Accountancy is proposing to repeal the existing CPE Sponsor Registration Rules and Regulations (18 VAC 5-30-10 et seq.).

Impact on family

Please assess the impact of the proposed regulatory action on the institution of the family and family stability.

The repeal of the Board’s CPE Sponsor Registration Rules and Regulations will not have an impact on the institution of the family and family stability. This repeal will neither strengthen nor erode the authority and rights of parents in the education, nurturing, and supervision of their children. It will neither encourage nor discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one’s spouse and one’s children and/or elderly parents. This repeal will neither strengthen nor erode the marital commitment. The effect of the repeal of these regulations on disposable family income will be minimal.